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## Malaysia

## Dairy and Products

## Annual

## 2000

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### Report Highlights:

**Malaysia relies heavily on dairy imports for its dairy product industry. Good opportunities exist for US to supply full cream milk powder, skim milk powder and whey powder.**

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Includes PSD changes: Yes

Includes Trade Matrix: No

Annual Report

Kuala Lumpur [MY1], MY

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## **Executive Summary**

Malaysia relies heavily on imports for its dairy needs. The local dairy industry does not produce sufficient quantities of fresh fluid milk to satisfy Malaysia's fresh milk needs. Reconstituted fluid milk and other milk products are substitutes for fresh fluid milk. Ingredients such as skimmed milk powder, full cream milk powder and whey needed to produce condensed milk, whole milk powder, and other milk products are imported mainly from Australia and New Zealand.

## **Production**

Historically, dairy husbandry and milk production has not been the tradition of the local indigenous population. However, there is a small dairy industry, started at the beginning of the 20<sup>th</sup> century largely by the immigrations from the Indian subcontinent. Indian dairy cattle herds were brought in by the immigrants and milk production has been concentrated in rubber and oil palm plantations, and the perimeters of urban areas. In recent years, despite the various attempts by the GOM as well as the private sector to expand the dairy industry, it has remained small. Major factors limiting its development include low lactation and reproduction performance, the hostile tropical weather condition, high cost for quality feed and lack of trained personnel for farm management. Investment in the dairy industry is still considered to be a risky business and the prospect for future growth is not bright at all. Milk production is expected to show insignificant growth in the near future.

## **Trade**

Malaysia is heavily dependent on dairy imports, such as powdered milk, for its dairy product industry and finished products, such as cheese and butter, to fulfill consumers' need. The bulk of imports come from New Zealand and Australia. Liquid milk was previously prohibited for import but with the conclusion of the Uruguay Round of the GATT, Malaysia agreed to allow a very limited volume (600,000 liters with an initial in-quota tariff rate of 50%) of imports.

The major items of the dairy products industry in Malaysia are powdered milk (full cream, skimmed and infant formula), sweetened condensed milk, evaporated milk, liquid milk and milk drinks (fresh, ultra-high temperature, pasteurized and homogenized), yogurt and ice cream. The milk products are locally produced by reconstituting and blending of imported milk powder (skimmed and whole), whey and other ingredients. Most infant formula is imported and packed locally except for a local brand (Nestle's Lactogen) which is manufactured in Malaysia.

Competition in the Malaysian market is intense, with several major producers vying for the market share. Companies such as Dutch Baby Milk Industries, Premier Milk/F&N Dairies, Nestle Products, New Zealand Milk Products and the Dumex (Malaysia) are constantly coming up with their own market promotional programs by introducing new and improved products and innovative packaging, in order to gain/maintain their market share. These companies often conduct product demonstrations and conduct sampling in shopping complexes and supermarkets.

Malaysia imports butter and cheese since there is no local production of these products. Western fast food chains have helped speed the acceptance of cheese, by servicing products like burgers with cheese slices and pizza. However, the cheese market in Malaysia is not sophisticated in taste

and most consumption is limited to processed sliced and cheddar cheeses. Both market segments are dominated by Australia and New Zealand.

### **Consumption And Distribution Patterns**

It is estimated that 30 percent of Malaysia's milk products are sold through supermarkets, while the remaining 70 percent move through sundry shops. Brand names, quality, price, and availability are of major importance in consumer decision making when buying milk products. The prices of milk products are closely watched by the Government, thus price differences are relatively small and appear to be less of a factor in purchasing decisions than brand names. Rural consumers tend to be more price-sensitive than urban households.

### **Competition**

New Zealand and Australia supply most of the whole and non-fat milk powder. In 1999, New Zealand led in imports of non-fat and whole milk powder, which amounted to 62 metric tons and 6 metric tons respectively. Australia secured the second spot with 51 metric tons of non-fat milk powder and 3 metric tons of whole milk powder. Australia and New Zealand are also the market leaders for butter and cheese respectively in the Malaysian market.

There are few prospects for imports and sales of U.S. milk products/brands directly to consumers. This is attributable largely to the relatively small market, which is very brand loyal. In addition, some of the dairy products with US brand names, such as Kraft, are produced by plants located in Australia. It is also very costly to build the name of a new brand, particularly with the established competition. U.S. products are likely to be significantly more expensive due to freight costs.

Good opportunities exist, however, for U.S. producers to supply skim milk powder, full cream milk cream milk powder and whey powder to the dairy products industry in Malaysia. The industry is willing to import any source as long as the price is competitive and the quality is good.

### **Policy**

Dairy imports, such as milk powder, cheese and butter are required to be certified *halal* by the Malaysian religious authority, for direct consumption and usage as ingredients for further processing. An import license, issued by the Department of Veterinary Services and Ministry of International Trade and Industry is also necessary for consignments of dairy products entering into Malaysia.

MILK, FLUID : PSD

PSD Table						
Country	Malaysia					
Commodity	Dairy, Milk, Fluid				(1000 HEAD)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Cows In Milk	43	43	0	44	0	45
Cows Milk Production	41	41	0	42	0	43
Other Milk Production	0	0	0	0	0	0
TOTAL Production	41	41	0	42	0	43
Intra EC Imports	0	0	0	0	0	0
Other Imports	6	10	0	12	0	14
TOTAL Imports	6	10	0	12	0	14
TOTAL SUPPLY	47	51	0	54	0	57
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Fluid Use Dom. Consum.	47	51	0	54	0	57
Factory Use Consum.	0	0	0	0	0	0
Feed Use Dom. Consum.	0	0	0	0	0	0
TOTAL Dom. Consumption	47	51	0	54	0	57
TOTAL DISTRIBUTION	47	51	0	54	0	57
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

## MILK, FLUID : IMPORT TRADE MATRIX

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Milk, Fluid		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1998		1999
U.S.		U.S.	2
Others		Others	
Singapore	4231	Singapore	6783
Indonesia	1051	Indonesia	3313
Spain	36	Thailand	220
New Zealand	17	France	23
		Australia	18
Total for Others	5335		10357
Others not Listed			
Grand Total	5335		10359

## CHEESE : PSD

PSD Table						
Country	Malaysia					
Commodity	Dairy, Cheese				(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/1999		01/1999
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	4	0	4	0	5
TOTAL Imports	0	4	0	4	0	5
TOTAL SUPPLY	0	4	0	4	0	5
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	0	4	0	4	0	5
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	0	4	0	4	0	5
TOTAL Use	0	4	0	4	0	5
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	4	0	4	0	5
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

## CHEESE : IMPORT TRADE MATRIX

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Cheese		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1998		1999
U.S.	100	U.S.	167
Others		Others	
New Zealand	1169	New Zealand	1913
Australia	1374	Australia	1581
Denmark	123	France	141
France	113	Denmark	98
		Netherlands	28
Total for Others	2779		3761
Others not Listed	97		78
Grand Total	2976		4006



## BUTTER : PSD

PSD Table						
Country	Malaysia					
Commodity	Dairy, Butter				(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/1999		01/1999
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	4	0	4	0	5
TOTAL Imports	0	4	0	4	0	5
TOTAL SUPPLY	0	4	0	4	0	5
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Domestic Consumption	0	4	0	4	0	5
TOTAL Use	0	4	0	4	0	5
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	4	0	4	0	5
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

## BUTTER : IMPORT TRADE MATRIX

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Butter		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1998		1999
U.S.		U.S.	1
Others		Others	
Australia	1447	Australia	2328
New Zealand	808	New Zealand	1200
France	165	France	180
Ireland	79	Singapore	45
Denmark	26	Ireland	34
		Denmark	26
Total for Others	2525		3813
Others not Listed	65		53
Grand Total	2590		3867

## DRY WHOLE MILK POWDER : PSD

PSD Table						
Country	Malaysia					
Commodity	Dairy, Dry Whole Milk Powder				(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
Intra EC Imports	7	6	8	7	0	8
Other Imports	9	8	9	8	0	8
TOTAL Imports	16	14	17	15	0	16
TOTAL SUPPLY	16	14	17	15	0	16
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	16	0	17	15	0	16
Other Use, Losses	0	14	0	0	0	0
Total Dom. Consumption	16	14	17	15	0	16
TOTAL Use	16	14	17	15	0	16
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	16	14	17	15	0	16
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

DRY WHOLE MILK POWDER : IMPORT TRADE MATRIX

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Dry Whole Milk Powder		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1998		1999
U.S.	42	U.S.	42
Others		Others	
New Zealand	4736	New Zealand	6341
Australia	3387	Australia	3090
Netherlands	2595	Denmark	2100
Denmark	2479	Netherlands	1468
Ireland	892	Ireland	912
Belgium	527	Switzerland	266
Total for Others	14616		14177
Others not Listed	677		570
Grand Total	15335		14789

## MILK, NON-FAT DRY : PSD

PSD Table						
Country	Malaysia					
Commodity	Dairy, Milk, Nonfat Dry				(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
Intra EC Imports	16	9	18	12	0	15
Other Imports	102	121	107	138	0	150
TOTAL Imports	118	130	125	150	0	165
TOTAL SUPPLY	118	130	125	150	0	165
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	118	130	125	150	0	165
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	118	130	125	150	0	165
TOTAL Use	118	130	125	150	0	165
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	118	130	125	150	0	165
Calendar Yr. Imp. from U.S.	3	3	3	4	0	5
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

## MILK, NON-FAT DRY : IMPORT TRADE MATRIX

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Milk, Nonfat Dry		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1998		1999
U.S.	2547	U.S.	2781
Others		Others	
New Zealand	54391	New Zealand	61677
Australia	39269	Australia	51240
Germany	1800	Germany	2996
Netherlands	2159	Switzerland	2341
Ireland	221	Netherlands	2141
		Indonesia	1943
		Spain	1579
Total for Others	97840		123917
Others not Listed	12961		3242
Grand Total	113348		129940

## DRIED WHEY : PSD

PSD Table						
Country	Malaysia					
Commodity	Dairy, Dried Whey				(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/1999		01/1999
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
Intra EC Imports	0	6	0	6	0	0
Other Imports	0	7	0	7	0	0
TOTAL Imports	0	13	0	13	0	0
TOTAL SUPPLY	0	13	0	13	0	0
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	0	0	0	0	0	0
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	0	0	0	0	0	0
TOTAL Use	0	0	0	0	0	0
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	0	0	0	0	0
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

## DRIED WHEY : IMPORT TRADE MATRIX

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Dried Whey		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1998		1999
U.S.	355	U.S.	379
Others		Others	
Australia	5991	Australia	7207
France	4552	France	5460
Netherlands	995	New Zealand	383
Singapore	100	Netherlands	305
		Canada	65
Total for Others	11638		13420
Others not Listed	319		102
Grand Total	12312		13901